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University Of Jordan
Center of Strategic Studies
READING ROOM

Afghanistan	1,000 Dem. Israel	1,500 Norway	7,000 N.I.R.
Bahrain	20 S. Italy	1,500 Lee	2,000 India
Belgium	6,000 De	400 Portugal	700 France
Canada	45 B.P.	500 Spain	1,000 Germany
China	C. 1,200	Kuwait	500 U.S.
Denmark	1,000	Lebanon	1,000 Arab
Egypt	100 P.	Egypt	1,000 Sweden
Finland	2,000 F.P.	Finland	2,000 Switzerland
France	4,000	Greece	1,000 Dan.
Germany	2,000 D.P.	Holland	1,000 France
Iceland	100 P.	Iceland	1,000 U.K.
Ireland	500 R.	Ireland	1,000 U.S.
Italy	1,000	Iraq	200 D.
Netherlands	2,75 R.	U.S.A.	4,000 Dub.
Nigeria	115 R.	Nigeria	170 K. Yugoslavia

ESTABLISHED 1887

Paris, London, Bonn Retreating From Foreign Policy Initiatives

By William Drozdiak
Washington Post Service

BONN — The leaders of France, Britain and West Germany are becoming increasingly preoccupied with domestic challenges to their governments, a development that political analysts believe may portend a slackening of European influence in international affairs.

Faced with mounting political and economic troubles in a period leading up to elections, President François Mitterrand, Prime Minister Margaret Thatcher and Chancellor Helmut Kohl are expected to devote more attention to their internal difficulties and less to pursuing foreign policy initiatives, which generally carry little influence with voters.

The extraordinary link between the French Socialist president and the British and West German conservative leaders has been most pronounced in East-West and security issues. Their harmony of views on these issues contributed to the successful deployment of new nuclear missiles in Western Europe despite intense opposition from the Soviet Union and anti-nuclear activists.

Last year, while Moscow and Washington virtually froze contacts after the collapse of arms control talks, the Paris-London-Bonn triangle led the European diplomatic campaign to perpetuate a dialogue between the two blocs and to encourage the two superpowers to return to the Geneva negotiating table.

But now, as Moscow and Washington seem mired in a new impasse over space weapons and unable to decide about a summit meeting, the major European allies are turning inward to deal with their own problems rather than placing emphasis on the revival of détente.

Such parochialism appears likely to block early progress toward changes in the European Community. Even an ardent pro-European such as Mr. Kohl has felt compelled in recent weeks to hold up agreement on cereal prices because he fears a political backlash from German farmers who want higher subsidies.

The tendency to appear power-

ful national lobbies seems bound to grow as the three leaders become increasingly worried about their vulnerability in coming elections, beginning with the French parliamentary vote next spring.

Mr. Mitterrand's party is expect-

ed to lose its majority in the National Assembly to more conserva-

NEWS ANALYSIS

tive forces, raising the prospect of a clash between a Socialist president and a rightist legislature.

A similar swing against the in-

comptent has taken place in Brit-

ain and West Germany, where the

ruling Conservative and Chris-

tian Democratic parties have suf-

fered resounding defeats recently in local

and state elections.

This month, the British Conserva-

tives lost control of nearly half

the county governments in En-

gland and Wales in which they pre-

viously held majorities. National

opinion surveys indicate that the

Tories now trail both the Labor

Party and the fledgling alliance of

Liberals and Social Democrats.

(Continued on Page 11, Col. 1)

Mrs. Thatcher's personal popu-

larity has plunged from the heights

she enjoyed from the time the Falk-

lands War in 1982 through last

March's victory over striking coal

miners, and many junior members

in Parliament of her own party are

discontented with her leadership.

Mr. Kohl's governing capabili-

ties have come under fire from fel-

low Christian Democrats following

their severe setback on May 12 in

North Rhine-Westphalia, the

country's most populous state. The

Social Democrats won an absolute

majority with more than 52 percent

of the vote, and the Christian Dem-

ocrats fell to less than 37 percent,

their worst showing ever.

Although his party still ranks

ahead of the opposition Social

Democrats in the polls, Mr. Kohl is

fast growing pressure to display

more aggressive leadership in mak-

ing unemployment the priority in

the center-right ruling coalition in

Bonn.

Thus, the administration in

Washington now confronts the

(Continued on Page 11, Col. 1)

whatever avenue may be open to-ward better understanding, re-duced tensions and peace.

"Meetings do not in and of themselves guarantee progress. It is the overall relationship between our countries that counts, and this relationship is not enhanced when expectations about any one meeting are too high."

There has been confusion about

the status of the projected meeting.

In an exchange of correspondence,

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in, in response to a Soviet request for

as little publicity as possible.

Unannounced rounds were held

previously in Tokyo in February

and in Washington in March.

The talks are said by American

officials and Soviet diplomats to have

importance beyond air safety

because they may affect a range of

other Soviet-American issues.

If agreement is reached on air

safety, American officials said, the

way may be open to negotiating a

new civil aviation accord that would

restore Aeroflot landing rights in the United States and allow

an American carrier to resume

flights to Moscow. This in turn

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consultations in Kiev and New York.

These are the kind of agreements

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(Continued on Page 11, Col. 5)

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BRIEFS**against Strikers**

in the Netherlands reduced work Saturday and more hours were barred by law from striking of the Netherlands, Germany and Britain. The court ruled that day its members stayed away.

suit Over Namibia

United Nations' colonial plans to break West Africa also known as South Africa will go to court if company owned largely by investigation and a new tax, the country does not exist and to turn international.

0,000 Swept Away

Sunday it appeared that huge waves washed over the island and that no signs of been 1,400 deaths had been analyzed by the budget office, but like the Senate budget it depends on relatively optimistic economic assumptions about growth.

and tidal waves killed 3000

on Boundaries

of Minister Friedrich Zinn's names with East Europe of a peace treaty among the States, the Soviet Union, Bulgaria. He was addressing a rally it was called to the Soviet Union.

Germany wanted to make in particular respected the boundaries. Kim and Wang existing boundary between Es

s Reduction Now

to bring to the resumption of talks that there would be no other while the United States

and other countries have been involved in the talks which are aimed at

George Washington and the Widow Custis

Historians have long known that when Martha Dandridge Custis, a 26-year-old widow, married George Washington, she was rich. Only recently have they discovered how rich: The stained and faded pages of one of George Washington's ledgers, stashed away in a Washington and Lee University vault for the past 75 years, show that Martha's first husband left her \$29,630 in colonial Virginia currency — \$6 million in today's money.

That doesn't include the more than 17,000 acres (nearly 7,000 hectares) of plantation land that the widow Custis and her two children inherited from Daniel Parke Custis, the Richmond Times-Dispatch reported.

The ledger "may be the most important addition to George Washington's material in more than a generation," said W.W.

At a University of Virginia historian and editor of "The Papers of George Washington."

The size of the Custis fortune isn't necessarily a commentary on the reason for the future first president's marriage. Mr. Abbott said, Washington had his own inheritance, including Mount Vernon, and was a shrewd investor in frontier real estate. "By the time he met Martha he was not impoverished at all."

Experts Are Dubious On U.S. Budget Cuts

By Tom Redburn
Los Angeles Times Service

WASHINGTON — The Democratic budget proposal approved by the House last week relies on "smoke, gimmicks and other assumptions" to cut \$36 billion from the federal deficit next year, according to Robert J. Dole, the Senate Republican leader.

Independent analysts agree that Mr. Dole's allegations are true, but they add that the Kansas man has failed to acknowledge that the Republican budget the Senate passed earlier this month depends on similarly questionable assumptions to reach its own \$36-billion target.

Most important, the analysts say, both budget alternatives are almost certain to fall short of limiting the federal deficit to \$109 billion by 1988, a level that many economists think the government should reach if the nation is to avert serious economic problems.

By comparison, the deficit is expected to hit a record \$72 billion this year.

For example, according to a report released last week by the nonpartisan Congressional Budget Office, the Senate-passed spending plan, instead of cutting the deficit down to \$104 billion by fiscal year 1988, as it was projected, would leave a deficit of \$149 billion.

The House budget has not yet been analyzed by the budget office, but like the Senate budget it depends on relatively optimistic economic assumptions about growth.

In a speech to the National Manufacturers Association, Mr. Reagan

inflation and interest rates. In addition, the House plan also relies on slightly more dubious expectations of future spending cuts to reach its own deficit target of \$124 billion in 1988.

For instance, the Democratic plan, unlike the Senate budget, assumes that \$4 billion can be saved next year by improving government contracting and that another \$4 billion in revenues will be available from settlement of a long-standing dispute between the states and the federal government over oil money from offshore drilling.

Senators maintain that their plan would save \$115 billion in three years by holding down military spending, and House members say their Pentagon cuts would save \$137 billion.

But the budget office reports that both savings claims are exaggerated. This is because they both base their military "cuts" on reductions from the high levels assumed in an agreement, no longer in effect, between the Reagan administration and Senate Republican leaders that was announced more than a year ago from the White House Rose Garden.

"In the future years, the House budget is something like a fond hope that everyone will do what they should do," said the chairman of the Senate Budget Committee, Pete V. Domenici, Republican of New Mexico. "Our budget mandates the committee to change

A Comparison of Budget Plans

Rounded figures in billions of dollars for fiscal years. The President's 1986 budget was proposed Feb. 4. Senate/White House compromise plan passed the Senate on May 10; House plan was approved Thursday.

	1986 1985 (projected)	Senate/ Reagan budget	1986 House plan	1986 House plan
Outlays	\$554	\$572	\$585	\$567
Revenues	736	793	794	794
DEFICIT	\$217	\$179	\$171	\$173

Source: House and Senate Budget Committees, Office of Management and Budget and Congressional Budget Office

The New York Times

gan said the military cuts voted by the House "would undermine our negotiating position in Geneva and put the defense of our nation at risk." He praised the Senate version of the budget as "a major effort to control government spending" that would "prepare the way for tax reform and help put our economy on a growth path through the end of the decade."

■ Reagan Deplores House Plan

Mr. Reagan declared Friday that the House budget would endanger national security and was "unacceptable to me and to the American people." The Washington Post reported.

Nevertheless, the president would accept the House plan to eliminate a one-year freeze on Social Security cost-of-living increases if House-Senate conferees came up with "real savings of the same magnitude," according to the assistant White House press secretary, Albert Brashears.

Mr. Reagan also promised that the plan would significantly reduce taxes for the majority of Americans while assisting low-income households and allowing "working poor families to climb up the ladder of success."

United Air Talks Stall Over Role of New Pilots

By Douglas B. Feaver
Washington Post Service

WASHINGTON — Contract negotiations between United Airlines and its striking pilots have collapsed after both sides rejected a federal mediator's proposal to settle new issues created since the strike began May 17.

No talks were scheduled and prospects are good for a protracted, bitter dispute at the largest U.S. airline just as the peak summer travel season begins.

After the breakdown Saturday, United reiterated plans to hire and train replacement pilots for 4,900 striking members of the Air Line Pilots Association.

United has been operating 209 flights daily to 41 airports for most of the past week, about 14 percent of its pre-strike schedule.

The company said it has already hired 100 replacement pilots and that nine of them had completed training and were flying Saturday.

The carrier's cockpit, maintenance and dispatch procedures have been under special surveillance since the strike began, according to Anthony J. Broderick, the Federal Aviation Administration's associate administrator for aviation standards.

"I think we can be 25 percent up and flying by July 1," said John R. Zeeman, United's executive vice president for marketing and planning.

Five days of intensive talks apparently had settled what all par-

fies agreed was the only question on the table: United's proposal to pay new pilots on a lower wage schedule than current pilots.

The negotiations broke down over questions of union solidarity and management determination. Both sides had promised to protect the people who helped them: in the case of the pilots, those who did not work after the strike began; in the case of management, those who

struck began a strike.

According to sources, the issue of two wage scales was settled when the pilots agreed to have a two-schedule system for 12 years, to be renegotiated once, at the end of six years. The schedules would have merged into one at the end of 12 years.

With that settled, negotiations turned to "back-to-work" issues. The key was 500 pilots United had trained but not hired and had planned to use as strikebreakers. However, all but four of those 500 pilots honored the picket line in exchange for union promises that they would be protected.

The company's position is that the union "doesn't represent those people," Mr. Zeeman said.

A union spokesman, Don Skidmore, said that "as long as they hold the young men and women hostage, no doubt the pilots at United Airlines will stand up for them."

The airline also wanted to give favored seniority positions to other newly hired replacement pilots and to union pilots who had crossed the picket line.

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AMERICAN TOPICS**Domestic Violence, American-Style**

"British football crowds are more violent" than American football crowds, concedes Christopher Reed, a correspondent for Britain's *Guardian* newspaper, but he reports that American males who are prone to battering their wives are especially likely to do so when watching football on television.

Clinics and refuges for battered women in the San Francisco Bay area, where a local team has won the Super Bowl American football final three times in five years, have noticed that calls increase after the match," he said. He cited one refuge, which averaged 7 to 10 calls a Sunday, that received 20 on Super Bowl Sunday. A clinic said that when the San Francisco 49ers won this year, the phone rang off the hook."

Dr. Christopher Hatcher, a Franciscan clinical psychologist, said the man whose team wins is most likely to become violent if his wife does or says "anything which makes him less of a winner." A clinic executive in Oakland disagreed, saying that a loss hurt a male fan's view of himself and the masculine ideal. Bruce Ogilvie, a psychologist, concurred: "What is sadder than seeing your alter ego collapse?"

George Washington and the Widow Custis

Historians have long known that when Martha Dandridge Custis, a 26-year-old widow, married George Washington, she was rich. Only recently have they discovered how rich: The stained and faded pages of one of George Washington's ledgers, stashed away in a Washington and Lee University vault for the past 75 years, show that Martha's first husband left her \$29,630 in colonial Virginia currency — \$6 million in today's money.

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The size of the Custis fortune isn't necessarily a commentary on the reason for the future first president's marriage. Mr. Abbott said, Washington had his own inheritance, including Mount Vernon, and was a shrewd investor in frontier real estate. "By the time he met Martha he was not impoverished at all."

Notes About People

Vanessa Williams, who lost her Miss America title last July when it was revealed that she

considered too controversial to publish, the Universal Press Syndicate announced Friday. It said the decision was accepted by Garry Trudeau, the strip's creator. It was the first such incident in 15 years of "Doonesbury."

Senator Barry Goldwater, 76, who has dominated Arizona politics for a quarter-century, has said he will not seek reelection next year. Far ahead in the running to succeed him is his fellow Republican, Representative John S. McCain, 3d.

As a former war prisoner in Vietnam, Mr. McCain is untroubled by the fact that he has lived in Arizona only five years. The state is full of newcomers, and as a navy officer and the son of one, he never before had a chance to put down roots. Or as he put it, "The longest place I ever lived was Hawaii."

Tony Curtis, the actor, apparently has little future as an author. In 1977, he signed a contract with Doubleday for a novel, "Starstruck," described as a "rags to riches story of a lascivious Hollywood starlet." The Washington Post reports that during the past week, Mr. Curtis received a rejection notice and was asked to return the \$50,000 advance. Doubleday described his manuscript as "junk, pure junk."

Faron Young, 53, a country music star for 30 years, and known for such hits as "Hello Walls" and "Live Fast, Love Hard, Die Young," says the secret of his long-lived success is simple. "My secret? Drink expensive whiskey," he said in Nashville. "I smoke cigarettes, but I drink very expensive whiskey."

— Compiled by ARTHUR HIGGIE

Medical Studies in U.S. Retracted After Inquiry

By Robert D. McFadden
New York Times Service

NEW YORK — Nine technical studies by two staff members of Columbia University's College of Physicians and Surgeons have been retracted from medical journals because they were based on "data of dubious certainty," the university has reported.

The studies, dealing with chemicals that regulate the flow of blood, were co-authored by Dr. S. Alexander Stark and Dr. Robert E. Meltins of the college's pediatrics de-

State Bans Homosexual Adoptions

By Dudley Clendinen
New York Times Service

BOSTON — Massachusetts, after two weeks of intense public debate, has announced a policy that would essentially prohibit what had been legally possible in every state: the placement of foster children in the care of homosexuals.

In the future, Massachusetts will ask the sexual preference of anyone applying to be a foster parent, Philip W. Johnson, head of the Department of Human Services, said Friday.

It will seek to place children only in "traditional family settings," he said. "That is, with relatives, or in families with married couples, preferably with parenting experience and with time available to care for foster children."

The decision grew out of a controversy surrounding the disclosure that the state had placed two young brothers in the care of a male couple who had been candid about their homosexuality. But Governor Michael S. Dukakis denied that the new policy discriminated against homosexuals.

"We're not talking about sexual preference here, we're talking about what's in the best interest of the children," the governor said, adding that he meant a conventional home environment.

"I think that's what the vast majority of people in this country believe," he said. "I believe it."

Jeff Levi, acting executive director of the National Gay Task Force in Washington, said Massachusetts is "denying the fact that a gay couple can create a loving family and a loving environment for children, and that's unfortunate for the children, and for the couples who want to be parents."

Before the action Friday, no state inquired into the sexual preference of potential foster parents. In most other states, as here, the subject has not been a matter of public or legislative debate, and no state laws or standards barred homosexuals from being approved as foster parents as a first step.

The state removed the boys to another foster home that day, although the Department of Social Services had approved the placement with the men after a year's investigation of their home life and reputations. Mr. Babets and Mr. Jean have said they would file an administrative appeal of the removal of the children.

David Scordis, a Boston city councilman who is the only elected member of the city or state governments who is openly homosexual, said Friday, "Disaffection is very widespread in the gay community," particularly over the language of an amendment passed Thursday by the Massachusetts House in

INTERNATIONAL HERALD TRIBUNE

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

The Right Choice on MX

The eternal verities in defense now seem to have a shelf life of about two months.

Take the super-accurate, super-powerful MX missile, designed to hit such sensitive Soviet targets as missile silos and command posts. In March it seemed clear to us and others that as flawed as the missile was, it was worth keeping in production in order to strengthen President Reagan's bargaining hand at the newly opened Geneva talks. This was the theory on which Congress authorized the production of 21 more such missiles.

But last week a substantially new MX formula swept through the Republican Senate. The administration, slow to realize that the MX was probably being saved from extinction by the Democratic House, fought the new formula fiercely but finally went along.

The president had already agreed to reduce his original bid for a total of 200 MX missiles to 100. The Senate imposed a new lid of 50 for so long as the missiles are deployed in old Minuteman silos. In those vulnerable silos, argued Senator Sam Nunn of Georgia, zeroing in on what has always been acknowledged as the MX's gravest flaw, a president would be under terrible pressure to fire first in a crisis in order to ensure that his MX force hit its intended targets (Soviet missiles in their holes) and that it was not wiped out in a Soviet first

strike. A powerful and accurate weapon that will be targeted first and must be fired first is, unavoidably, a first-strike weapon, one inconsistent with professed American strategy.

The Senate did not entirely ignore the need to keep cards in the president's Geneva hand: Some additional MX missiles will be deployed and others can be produced for spares and tests. Still, it is hard to imagine what is going to remove the cap of 50. For more than a decade, successive administrations have examined dozens of basing ideas and have yet to find one that meets Mr. Nunn's reasonable test. The practical effect of the senator's amendment is likely to be to top off the MX program and accelerate the program for a small, single-warhead, land-based missile: Midgetman. Midgetman is mobile and can be hidden, qualities that make it a second-strike weapon.

We think Senator Nunn has done a useful, important thing. Evidence of continuing U.S. arms programs must be shown to the Russians, who long have had the equivalent of MXs, to put them in a bargaining mood. The 50 MX missiles, with their total of 500 warheads, are not inconceivable. But moving from the vulnerable and therefore first-strike MX to the invulnerable and therefore second-strike Midgetman is a trend well worth accelerating.

—THE WASHINGTON POST.

Tax 'Reform' and the Poor

To push through something that will be called tax reform, President Reagan seems ready to yield concessions to all sorts of important constituencies, from oil wildcatters to university fund-raisers. Yet deplorably, the president persists in his determination to attack the one tax benefit that is of clearest benefit to the nation's poor: the deductibility of state and local taxes.

From his perspective, that may be a neat political trick: The deductions cost the Treasury a whopping \$28 billion revenue that the administration would rather spend for lowering everyone's tax rate. And unlike smaller deductions, this one is not defended by any powerfully organized interest group.

In economic and social terms, however, no other federal tax deduction has such a clear justification. If the deduction is lost, this tax "reform" will largely amount to a further loss of federal subsidy for the poor people who depend on states and cities for basic services.

Yes, the right to deduct state and local taxes from federally taxable income is a "loophole" — and one that at least ostensibly benefits the well-to-do. Two-thirds of all taxpayers derive no value from it because they do not itemize any deductions on tax returns. Moreover, for those who do itemize, the benefits increase with income. A couple earning \$25,000 gets 25 cents in federal tax relief for every dollar it pays in local taxes; a couple earning \$200,000 saves 50 cents for every dollar.

Compounding this apparent inequity is the fact that the value of the deduction varies greatly from state to state. Last year the benefit per person in low-income, low-tax Louisiana was only \$34. But in high-income, high-tax New Jersey, the average benefit was \$169. In Minnesota, it was \$181; in California, \$185.

Why, then, defend this federal redistribution of wealth? Because the differences in benefit are explained mostly by the states' different burdens in caring for poor people. The federal government pays some of the welfare and medical bills of poor Americans. But

states and cities carry most of the cost of their education, police protection and other basic services. And it is middle- and upper-income taxpayers who must foot the bill.

Many of these affluent taxpayers, it is argued, stand to gain as much from the lower federal tax rates that the president promises as they would lose in the effectively higher state and local tax rates that would ensue. The reform might well leave them unharmed. But with most comparable taxpayers in low-tax states getting a net reduction, the high-tax states and cities would come under irresistible pressure to reduce their tax rates — and thus their budgets for supporting the poor.

Today, an affluent resident of New York City, paying 18 cents in state and local taxes for an extra dollar of income, might look with envy on a Floridian who pays no income tax at all. But he can take some comfort in the fact that half the 18 cents will be subtracted from his federal tax bill.

If that deduction is lost, the relative tax cost of living in New York City or Los Angeles or Milwaukee would rise significantly. That would increase the temptation to flee the high tax states, reducing their tax base, or to demand a state tax cut, reducing services to the urban poor. Either way, the poor would end up financing much of the reform.

This is, plainly, a difficult argument to make in the political arena. And this circuitous routing of federal funds to states and cities and then to the poor is certainly an inefficient way of discharging what ought to be a clear and compelling national responsibility. A fair approach to reform would recognize that eliminating the local tax deduction would more than pay for a federal takeover of welfare and related services.

But the Reagan administration seeks to shed federal responsibilities, not to assume new ones. Whatever virtues remain in this proposed tax reform, they are being overwhelmed by a callous neglect of the weakest Americans. —THE NEW YORK TIMES.

Embassy Protests (cont.)

We continue to look in vain for anything resembling a consistent federal prosecution policy toward demonstrators in Washington — and there is still an apparent arbitrariness to it, absent a good explanation, is politically fishy. In March, we noted that 1,663 people had been charged with breaking a law by demonstrating within 500 feet (150 meters) of the South African Embassy, and that U.S. Attorney Joseph E. diGenova had seen to it that charges were dropped before anybody went to court. At the same time, a woman was arrested for a similar offense in front of the Soviet Embassy, and she was prosecuted.

At the time of the first South African Embassy arrests, prosecutors were said to believe that the charges would result only in "show trials" that would focus attention on the apartheid policies of the South African government but would accomplish little in terms of law enforcement. Why that would not be so for protests at other embassies never was made clear. At any rate, one prosecutor warned then that the Justice Department would take a very different view of demonstrators arrested a sec-

ond time. Then, earlier this month, some of those same demonstrators were arrested again, after a two-day sit-in at the downtown Washington offices of an international coin exchange firm that had been selling South African Krugerrands. Again, charges were dropped. True, this was not an embassy case, so perhaps technically it was not a "second time." But which laws count anymore?

Since November, more than 2,000 people have been arrested at the South African Embassy in Washington — and all charges have been dropped. Yet in Chicago, a jury trial was conducted for eight apartheid protesters; it ended in acquittal after the defendants argued that demonstrations at the South African consulate were necessary to fight apartheid.

Obviously the leaders of the demonstrations want their day in court, with the public exposure that comes from it. Is this what the federal prosecutors seek to deny by dropping charges? What other embassy and demonstrator might qualify for this exemption? Justice confused is akin to justice delayed: It is not there.

—THE WASHINGTON POST.

FROM OUR MAY 27 PAGES, 75 AND 50 YEARS AGO

1910: Scott Set to Try for South Pole

KANSAS CITY — There is but little romance left in these over-civilized times, and this old Earth has but few corners now which are not of common knowledge to the masses. Thus it is not often given to men of this generation to feel the generous thrill with which our forefathers watched the mariners depart to penetrate the mysteries of the Western Ocean, and even the South Seas have lost their glamor. Yet there still remain the regions around the Poles to keep alive the spirit of adventure. Now one reads that Captain Robert Falcon Scott of the British navy, accompanied by a band of officers and scientists, is about to start for the Antarctic. Captain Scott's expedition is a national undertaking, and nothing that science can suggest has been omitted to forward the endeavor to reach the Southern Pole.

1935: Farmers Support U.S. Subsidies

KANSAS CITY — President Franklin D. Roosevelt's agricultural policy, criticized in many quarters, appeared to have been endorsed by wheat farmers, who on the basis of early returns in votes [on May 25], approved of retention of the wheat adjustment measures under the Agricultural Adjustment Act. Many considered the voting a test of the Administration program, and returns would tend to show that a majority of the farmers are satisfied with the program under which they have received hundreds of millions of dollars for plowing under wheat and reducing their planting. The program has been one of the most daring experiments in the history of agriculture. Wheat farmers were confronted with a disastrous marketing situation in 1933, necessitating cooperation under the Federal Agency.

The Civil War in South Africa Has Started

By Breyten Breytenbach

This is the second of two articles.

PARIS — Elliott Abrams, the outgoing U.S. assistant secretary of state for human rights, argued recently that many changes had been effected in South Africa since Pieter W. Botha came to power. As proof that Mr. Botha was moving away from entrenched white domination, Mr. Abrams cited the splitting off, to the right, of part of the Afrikaner tribe.

From the Afrikaners' point of view, at least two significant shifts did occur. The first was the breakup of Afrikaner tribal orthodoxy. This break, caused by the pragmatic Nationalists' realization that they would have to co-opt the Asian and "colored" minorities to extend their power base, could not but blur the outlines of apartheid. The cosmetic blurring proved too much for the keepers of the tribe's cultural and ideological purity. This shift to a base no longer exclusively white is probably permanent. The government's declared intention to abrogate laws pertaining to "mixed" marriages makes a healing of the split impossible.

The second shift, illustrated by increased militarization and the growing political influence of the military, South Africa has moved from an old-fashioned colonial setup, with Westminster-style political structures assuring vestigial democracy for the minority, to a Third World autocracy typified by pervasive state control, a rampant bureaucracy, antiquated economic structures, progressive unemployment and a transfer of power from politicians to security experts.

There has been a near collapse of the 'middle ground.' Blacks no longer plead for participation.

slizing some obsolete apartheid fixtures to procure "colored" and Asian support and assuage foreign lainteeredness; creating alternative structures to divert black demands, strengthening the homelands, driving a wedge between rural and urban blacks — ultimately regrouping this mare's nest of institutions and bodies into the semblance of a participatory confederation that would leave white political and economic power intact.

These internal readjustments are accompanied by an aggressive foreign policy expressed by

creating or supporting rebel factions in neighboring states (Angola, Mozambique); by direct incursions (in Lesotho, Angola, etc.); by establishing a military presence of sorts elsewhere in Africa, or weaving a tissue of complicity by selling arms (Somalia, the Comoro Islands, Malawi, probably Zaire); by putting the world community before a fast accompaniment to Pretoria.

In all this, Pretoria serves interests of the United States, which has no quarrel with the military stance and uses South Africa as a conduit for funneling aid and influence to sub-Saharan Africa. Policy-makers in Washington misread and mislead their own concerned public.

How else can the world live with the raw terror emanating from South Africa? Officially more than 250 people have been killed (including one white) since last September, when the new constitution came into operation. Recently 14,000 miners were fired for striking, before an agreement finally was negotiated. New treason trials are setting up the United Democratic Front for

liquidation by linking it to the African National Congress and thus to the Communist Party. We know from the inquest into the Uitenhage massacre that the police have orders to shoot to kill. And they do. Women and children in the back.

Despite this, and although majority spokesmen have repeatedly asked for a total isolation of the country, a consortium of 12 European banks recently granted a \$75-million loan to Pretoria.

Among the contradictions that those nominal-

ly in power may have to solve will be overexten-

sion of their military capacities, the economic pol-

icy that makes it impossible to follow through

after breaking a neighbor (with what are they going to rebuild Mozambique?) and losing policy control over their own armed forces.

But the true changes — taking into account that any interpretation must be a blunting instrument — are the following: There has been an all-but total collapse of the "middle ground" where, with mutual good will, the future could have been talked into shape. (It is true that borderline contacts with the ANC have been established, but these are as yet too timid to pull the parties into an interdependence and provoke a need to continue talks that, in turn, could create grounds for negotiations.) Blacks no longer plead for participation. The white state is rejected.

The strategy of reform, although modifying some elements, has no grip on the future. And although there is not yet a majority strategy for revolution, there is a depth of despair and bitterness and resolution of the people — and an inner liberation, too: a cultural awareness, a political tempering — that expresses itself in the willingness to die for the cause, in the burning of corpses, in the attempts to create autonomous power centers and people's armies. The mounting, the strikes, the marching, the acrid smoke, the breakdown of white-imposed civil structures, the refusal to accept white "peace" — all this one clear signal: The point of no return has been reached. The civil war has already started.

Mr. Breytenbach, the Afrikaans poet, contributed this comment to the Los Angeles Times.

Ortega's Ill-Timed Pilgrimage

By Tom Wicker

NEWS YORK — President Daniel Ortega of Nicaragua may never take a trip more ill-advised than his recent pilgrimage to Moscow, immediately after the House of Representatives voted down all proposals for any form of aid to the contra guerrillas trying to overthrow the Sandinist government.

Not that Mr. Ortega, the head of a recognized (even by the Reagan administration) government, does not have a perfect right to go anywhere he wants to, and ask for aid from anyone who will give it. And not that those Democrats (and some Republicans) in the House who voted against aid to the contras had any reason to suppose that Mr. Ortega headed a Jeffersonian government, or to act as if they just found out he is a Marxist revolutionary.

Still, Mr. Ortega's timing was wretched. Secretary of State George Shultz now threatens to send U.S. troops to Nicaragua unless Congress provides "humanitarian" aid to the contras. And Democratic members of Congress, already nervous about voting against President Reagan and, in effect, against the attempted overthrow of a Marxist regime in Central America, have seized upon the Moscow trip to hit both ways. Throwing up their hands in holy horror because a Marxist journeyed to the Mecca of Marxism, they are eager to balance their ticket with some kind of aid to the contras — "nonlethal" of course, or "humanitarian" and not to be administered by those dreadful Cold Warriors of the CIA.

Whom do they think they're kidding? The issue is not and never has been the virtue of the Sandinists, or their political hue, or their links with Havana and Moscow, about which not a member of the House can have been in any doubt even before Mr. Ortega set foot in the Kremlin.

The issue is whether the United States should sponsor, arm and finance a guerrilla organization, heavily tainted with survivors from the Somoza regime, the stated goal of which is to overthrow Nicaragua's recognized government and replace it in power — a guerrilla organization, at that, whose tactics repulsive investigators have found sometimes indistinguishable from the terrorism that, in other cases, no one denounces more fervently than Ronald Reagan.

Now that Mr. Ortega has visited Moscow, does the United States have more justification for this enterprise? No, because the trip tells us nothing about the Sandinists not already



known when the House voted against aid to the contras.

Are the contras more acceptable now? No — what Mr. Ortega does not have is nothing to do with what they are.

So if members of the House believed at the time of the vote that they should not provide aid to the contras, Mr. Ortega's trip gives them no cause to change their minds — no cause except the headlines it created, which aroused the ever-lurking fear of American politicians that the hard-line public may somehow judge them "soft on communism."

"Nonlethal" and "humanitarian" aid, on the other hand, is intended to bring less harshly in the ears of whatever softer-line public may have survived the Reagan years. It is all right to send shoes for the bleeding feet of contras and C-rations for their empty stomachs; but bullets and rifles would offend the sensibilities of

those opposed to military interventions, overthrusting governments, and terrorism.

It is a fraud, whether nonlethal, humanitarian or both. Every dollar Congress appropriates for shoes, food, pay and clothing is a dollar the contra leaders do not have to raise elsewhere — which means that the ample dollars they can get from private sources in the United States and in the Latin countries can and will be spent for weapons and ammunition.

So it is not a matter of what kind of aid Congress should provide for the contras; it is a question whether aid of any kind should be provided. If it should, Senator Christopher Dodd of Connecticut has the best idea — \$14 million to relocate and resettle the contras and put an end to the Reagan administration's proxy war. Don't hold your breath till it happens.

The New York Times

On Memorial Day: Two Cemeteries, Two Messages

By William G. Andrews

taining the remains of 2,200 Soviet Beach is less than one-fourth as high as its Soviet counterpart. It represents "The Spirit of American Youth" rising from the sea with neither uniform nor weapon. On its base are the words "Mine eyes have seen the

theories of the coming of the Lord." The symbolic significance of the Soviet cemetery's location seems unintended. It lies in central Berlin's Treptow Park, a lovely wooded area that has been a popular recreation spot since the late 19th century. Bounding the park on two sides is the Berlin Wall, the most palpable evidence of Soviet oppression.

The location of the American cemetary is very different. It overlooks the D-Day landing beach in the Normandy countryside. Stairs and a path lead down the steep slope to the tidal flat. From there, the perilous ordeal that faced the invasion troops strikes the imagination vividly. Those towering cliffs were penetrated then with concrete fortifications that poured down deadly artillery and gunfire.

Up that treacherous incline the Americans fought, across mine fields, barbed wire and barriers.

To climb that cliff and to stroll among the graves of the soldiers who died in its conquest is an unforgettable emotional experience. The magnitude and value of their sacrifice sears the souls of all who visit there.

The effect of Treptow Park contrasts sharply. Its mass graves bespeak a systematic suppression of individuality. The valiant sacrifices of each of the millions of Soviet soldiers who died in the fight against Hitler are somehow fused, twisted, the bizarre symbolism and political posturing glorify military might as a means of domination and oppression. Yet all the bombast fades away in the soft lapping of the surf at Omaha Beach, with its imperishable message about the tragic nobility of war in the service of free people and a just cause.

The writer, a professor of political science at the State University of New York in Brooklyn, contributed this to the International Herald Tribune.

In Greece, A New Vote For Change?

By Andriana Ierodiakonou

A THENS — New Sunday's general elections in Greece "are not going to be about tomatoes and oranges, but a clash between two worlds — the world of the sun and of darkness," a senior Socialist government minister declared recently.

The statement came not from a poet manqué but from a hard-nosed politician. PASOK, the Panhellenic Socialist Movement of Prime Minister Andreas Papandreou, is facing a

LETTER FROM ATHENS

renewed challenge from the conservative New Democracy Party, which the Socialists trounced in the 1981 elections of far-right rule in Greece.

In Greece A New For Change

A THOUSAND NEW SPARTAKISTS have joined the ranks of the Greek Communist Party, which has been growing rapidly since the fall of the military junta. The party's leader, Andreas Papandreou, has been elected to the Greek Parliament.

LETTER FROM GREECE

By NIKOS DENDRISTOS
The New York Times
Athens

WASHINGTON — Because it has no voting constituency, foreign aid is perhaps the most vulnerable of all spending issues that come before Congress. And this year it seems that the perennial drama over how the United States will help foreign countries is being played out with more than usual passion.

Democrats, Still Bitter, Are Wary on Foreign Aid

By Clyde H. Farnsworth
New York Times Service

WASHINGTON — Because it has no voting constituency, foreign aid is perhaps the most vulnerable of all spending issues that come before Congress. And this year it seems that the perennial drama over how the United States will help foreign countries is being played out with more than usual passion.

"We're not prepared to be bagged; we're not prepared to be punching bags for the Little Leaguers on your side of the aisle," Representative David R. Obey, Democrat from Wisconsin, said to the other day.

Mr. Obey, chairman of the House subcommittee on foreign operations, was sounding off in a debate with Treasury Secretary James A. Baker III, a quiet-spoken Texan.

Mr. Obey's aggressiveness grew out of a conflict a couple of years ago, when Republicans tried to skewer Democrats who were supporting the sending of aid to Third World countries.

The issue then was support for the International Monetary Fund. A Republican congressional campaign committee asserted in letters mailed out to the districts that Democrats were voting "to give loans to Communist dictatorships."

The 21 Democrats who had been specially targeted by the Republicans were subsequently trounced at being forced to explain to constituents back home that they were merely backing a bill that President Ronald Reagan himself had requested.

The bill was eventually adopted, but only after Mr. Reagan had thanked each of the targeted Democrats for their support.

To this day, though, some of the bitterness lingers.

Mr. Obey's exchange the other day with Mr. Baker signaled that the Democrats, again to quote one of Mr. Obey's metaphors, "will not again carry the water" for the president in supporting foreign assistance.

At issue this time are funding commitments that the United States has already made under international agreements to a cluster of agencies that help the Third World. Should Washington renege, it would be a major reverse not only for the agencies themselves but also for their constituents in Latin America, Asia and Africa.

The agencies that could be hurt include the International Bank for Reconstruction and Development, more familiarly known as the World Bank, in addition to the Inter-American Development Bank and the Asian Development Bank.

One of the Republicans on the foreign operations subcommittee, Representative Jack Kemp of New York, sought in early May to knock \$237 million from the Reagan administration's money bill.

He criticized the international lending agencies for not having brought about more tax cuts and other "supply-side" economic policies in the borrowing countries and for having made loans that often compete with private business.

His measure was adopted, 83-

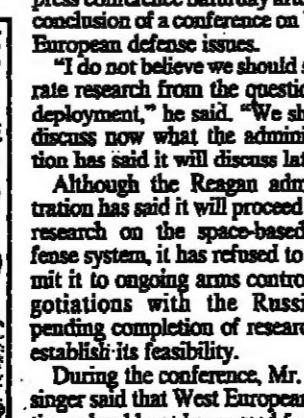
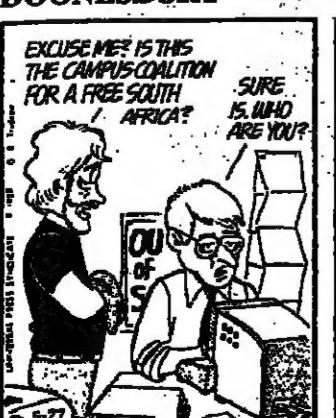
when most Democrats on the panel, Mr. Obey included, joined maverick Republicans in supporting it.

Secretary Baker managed to get the money restored in a supplemental appropriations bill when the full Appropriations Committee voted last week. He had promised Republicans that the United States would work toward some of the changes they want in the institutions. But the measure still faces a test on the floor.

Dynamite Theft in France

PARIS — Nineteen tons of dynamite being shipped by truck were stolen Saturday when thieves stole the vehicle, which was parked for the night near Paris, in southern France, sources said. The explosives were en route from a Portuguese factory to West Germany.

DOONESBURY



A group of South Korean students shouted anti-government slogans Sunday as they abandoned their four-day protest at the U.S. Information Service Center in Seoul. *The Associated Press*

Students End Sit-In at U.S. Center in Seoul

The Associated Press

SEOUL — Students staging a sit-in at the U.S. Information Service Center in Seoul ended a four-day protest Sunday, leaving the facility voluntarily.

About 70 students, who were protesting American support for the South Korean government, left the building yelling "Down with Chun Doo Hwan!" and "Stop supporting the military regime!" Mr. Chun is South Korea's president.

Minutes before the end of the sit-in, two stu-

dents came out of the four-story building and read a statement saying, "We sincerely apologize for having resorted to group action to express our position."

But they added, "We will carry on our fight together with one million fellow students and 40 million Korean people unless the United States stops its support of the present regime."

The students said they were ending the protest because dialogue was not yielding any progress and because North Korea could exploit the demonstration for propaganda purposes.

South Africa Will Allow Mixed Political Parties

By Alan Cowell
New York Times Service

JOHANNESBURG — The South African government has announced its intention to abolish a 1968 law prohibiting multiracial political parties.

The announcement Saturday followed a decision last month to repeal laws forbidding marriage and sexual relations between whites and nonwhites.

The repeal of the Prohibition of Political Interference Act means that political groups whose membership was hitherto restricted to one race may now recruit supporters from other races.

The repeal will not alter the segregated nature of South Africa's three-chamber Parliament, which offers representation, but not power, to people of mixed and Indian racial descent and ignores the black majority of 22 million people, who make up 70 percent of the country's population.

In a statement, the government said that changed circumstances had made the 1968 legislation unnecessary. The law was initially designed to prevent white liberal parties from recruiting nonwhites into their ranks.

At the present time, political parties may be drawn only from the ethnic groups they are deemed to represent. Thus, the Afrikaners' dominant National Party and other

smaller groups represent the 4.5 million whites, the Labor Party is the main group for the 2.8 million people of mixed racial descent and two parties vie for the votes of the 800,000 Indians.

With the repeal, all those parties technically will be able to recruit people from other racial groups.

Other legislation, however, such as the Population Registration Act, prevents a nonwhite party from putting up candidates for the dominant white chamber in Parliament.

The announcement Saturday is likely to affect only minority parties outside the spectrum of Afrikaner politics, since the dominant National Party would betray its own traditions and ideology by recruiting nonwhites.

Neither would it serve black parties for blacks to join any of the parties now seated in Parliament, since there is no chamber for blacks and the government has ruled out the creation of such a chamber.

Critics are likely to assualt the process as cosmetic action intended to reinforce the government's protestations that it has embarked on a process of liberalization.

The statement Saturday said that the political system would continue to be based on the notion that "all groups must take part in the decision-making process as groups," reinforcing notions of continued racial separation.



A man identified by Angola as a captured South African commando is shown in a hospital in Luanda, Angola. *Reuters*

U.S. Protests to Pretoria Over Raid Into Angola

By Don Oberdorfer
Washington Post Service

LUANDA, the Angolan capital, to "gather information" on guerrilla groups operating against South Africa.

In a message Friday to the Angolan government, Foreign Minister R.F. Botha of South Africa asked for the return of the bodies and the captured commando.

He justified the incursion on the ground that "South African security forces have felt it necessary to gather intelligence on the activities of members of the African National Congress and the South-West African People's Organization in Angola" and "to take appropriate countermeasures."

[Angola's foreign minister, Alfonso Van Dunem, has rejected the South African request. The Associated Press reported from Luanda.]

[Mr. Van Dunem, in a speech Saturday, demanded an explanation from South Africa. He said: "The Angolan government notes that it has not received any proposal from South Africa and has no intention of discussing this question within the next few days."]

The U.S. ambassador, Herman Nickel, was instructed to lodge a strong protest in Pretoria. State Department sources said.

In Washington, the South African ambassador, Bernardus G. Fourie, was summoned to the State Department to hear a similar protest from senior officials, the sources said.

Censorship Seen as Crucial to Chile's State of Siege

By Jackson Dichl
Washington Post Service

SANTIAGO — Each week, the editor of Hoy, a news magazine sympathetic to Chile's democratic opposition, rather to read a letter from the military government's director of communications, José Miguel Amadoriz.

The curt missive from Mr. Amadoriz, accompanied by marked-up copies of the magazine's page proofs, spells out which of Hoy's articles, headlines and pictures have been summarily censored under the state of siege.

The resulting file of correspondence is a remarkable record of how the military authorities have used their six-month crackdown, nominally imposed to combat terrorism, to shut Chile's once-thriving independent press.

While banning six other opposition magazines from appearing, the authorities have prohibited Hoy from publishing more than 50 articles and have scratched quotations from public figures including the U.S. secretary of state, George P. Shultz, member of the military's own junta and Chile's 19th century independence hero, Bernardo O'Higgins.

Mr. Amadoriz, who did not respond to several interview requests recently told the Chilean magazine, Hoy, that the censorship was necessary "to put an end to what could well be called 'verbal terrorism.'"

"'Verbal expression,' he added, 'is a superior value that the government is the first to respect.'

Increasingly, however, Chilean journalists and politicians argue that the curtailment of free speech has emerged as the most important aspect of President Augusto Pinochet's hard-line campaign, as well as the primary motive for the government's move this month to extend the state of siege for three months.

Hoy's editors say there is one particular word that has almost invariably drawn a stroke from their censor's yellow felt-tipped pen:

"transición," in Chile's political con-

text, the term "transition" usually refers to the gradual move promised by the government of General Pinochet toward a limited democracy.

Now, however, the word appears to be no longer tolerated in any context. Thus, a headline in Hoy referring to the Soviet Union's "transition" during the illness of Konstantin U. Chernenko was clipped. So was a report on a kindergarten program to help young children judge television advertising. In the latter case, it turned out, the writer unwittingly had referred to kindergarten students as "children in a stage of transition."

To enforce the guidelines, ranking government officials have telephoned Chilean newspapers and radio and television stations, often on a daily basis, to dictate how news should be covered. News organizations that dispute the orders have been threatened with shutdowns, according to several local editions.

The result has been a complete blackout of all information about the opposition, human rights, some social initiatives by the Roman Catholic Church and critical analysis of the deteriorating economy. Newspapers and magazines still publishing have suffered a precipitous drop in readership, and rumor-passing has become a major activity in the capital.

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Augusto Pinochet

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Raúl Borrás Is Dead at 51; Argentine Defense Minister

Reuters

Buenos Aires — Defense Minister Raúl Borrás, 51, who was responsible for reorganizing Argentina's armed forces after eight years of hiding in a barn. Like Mr. Borrás, he had deserted and hidden at home, fearing that he would be killed.

Western diplomats and Polish political sources in Warsaw said he was a member of the Katowice Forum, a faction that aimed for a more orthodox form of rule than that provided by the government of General Wojciech Jaruzelski.

The Katowice Forum emphasized central control by the politburo, rather than decentralized rule by army generals and even non-party members. It has declined in influence in recent months, the Warsaw sources said.

During the conference, Mr. Kissinger said that West European nations should not be pressed further to join the project, for fear of leading to "recriminations" among the allies.

"If the Europeans want it, they should respond," Mr. Kissinger said. If they do not want it, he added, the United States should proceed alone.

East Germans Thwart Escape

United Press International

BERLIN — East German border guards opened fire Saturday at the Berlin Wall to capture a man trying to flee to West Berlin, police in West Berlin reported. They said the man apparently was not hit and that he surrendered to the East

Herald Tribune
BUSINESS/FINANCE

MONDAY, MAY 27, 1985

Page 7

EUROBONDS

Dealers Move to Improve Self-Regulation Methods

By CARL GEWIRTZ
International Herald Tribune

Helsinki — The members of the Association of International Bond Dealers, at their annual meeting here last week, overwhelmingly approved a proposal by the board to restructure the organization into a more effective self-regulatory body. Founded in 1969 to bring order to the chaos then prevailing in the trading of Eurobonds, the organization has since become largely a social body aimed at promoting friendly relations between members.

The social function, which will continue, is not unimportant. The market spans the globe and intermediaries who normally transact business on the telephone do need an opportunity to put a face on the voice they deal with.

But the rule-making authority of the AIBD will in the future be greatly enhanced by the proposed changes. Specific proposals to this effect will be put to the membership at the extraordinary meeting to be held in London on Dec. 13.

The general outline, as spelled out at the annual meeting in Helsinki, is to transfer authority from the annual general meeting to the board. In the future, after consultation with regional committees established in the major market centers, the board will promulgate rules governing the functioning of the market and the annual assembly will function as an opportunity for the membership to veto the actions of the board.

The aim is to speed up the response time to market practices that need to be policed. Under the present arrangement, rule changes can be adopted only once a year at the annual meeting.

At the same time, the character of the governing board will also change. Currently, board members are elected by region in what are largely popularity contests. In the future, a nominating committee will be responsible for proposing candidates although other proposals will also be acceptable.

THE aim is to construct a board that represents not only the geographic span of the market but also the varying functions of participants. These tasks may be complements, as with primary-market originators of new issues and secondary-market traders, or competitive, as between market makers who commit their capital to warehousing paper and brokers who match buyer and seller without necessarily taking a position themselves.

The AIBD board expects that the nominating procedure will ensure a high professional quality of its membership. Under present procedures, the most competent are not always willing to put themselves forward for election out of fear of being rejected and incurring a humiliation for themselves or their firms.

The final leg of the proposed reform is to turn the regional groupings away from their role as almost exclusively social gatherings into consultative bodies against which the board can bounce its proposed policy rulings.

The Eurobond market, where an estimated \$300 billion of securities are outstanding, has had a good record in not abusing investors. Nevertheless, scandal has touched the market with a band of dealers accused of trading bonds at fictitious prices and pocketing the difference among themselves. As the board noted, however, no rules can prevent corrupt individuals from trying to cheat.

Nevertheless, the meeting in Helsinki adopted a rule change obliging dealers to signal trades that are executed at prices that are "outside the market."

Abuses that are less clear-cut — such as failure to inform that interest payments may be subject to withholding tax or may be suspended under special circumstances — are yet to be addressed.

Overall, the commitment to upgrade the muscle of the AIBD was made manifest not only by the approval of the structural change but also by the level of the bankers attending this meeting. The annual meeting usually is considered a boondoggle for weary traders deserving of a two-day, company-paid drinking spree, but this year's meeting was notable for the number of senior invest-

(Continued on Page 9, Col. 1)

Last Week's Markets

All figures are as of close of trading Friday

Stock Indexes

United States

DJ Indust. 1,201.97

DJ U.S. 161.95

S & P 100 182.49

S & P 500 182.29

NYSE Total 108.87

Source: Proshare/Stock Source

British

FTSE 100 1,372.70

FT 30 997.70

Hong Kong

Hong Kong 1,596.84

Japan

Nikkei DJ 12,593.80

West Germany

Commerzbank 1,204.70

Source: James Currey & Co., London

Money Rates

United States

Discount rate 12.5%

Federal funds rate 7.75% 7.75%

Prime rate 10 7.75

Japan

Discount 5 5

Call money 6 6/16

30-day interbank 6.5/16 6/16

West Germany

Lombard 6 6

Overnight 5 5/45

1-month interbank 5/4 5/50

British

Bank base rate 12.5% 12.5%

Call money 12.5% 12.5%

3-month interbank 12.5% 12.5%

Dollar

London Interbank Offered Rate 14.00% 14.00% 14.00% 14.00%

Gold

London Interbank Offered Rate 14.00% 14.00% 14.00% 14.00%

Source: James Currey & Co., London

Reuter's World Money Rates

Cross Rates

American 1.62

British 1.075

French 1.0885

German 1.2975

Italian 1.5042

Japanese 2.4612

Swiss 1.2745

Other Dollar Values

American 5.2500

Australian 1.0775

Austrian 1.2125

Canadian 1.3745

Denmark 1.0255

French 0.7579

German 1.2454

Icelandic 1.0000

Irish 1.0000

Italian 1.0000

Japanese 1.0000

Swiss 1.0000

Other Currencies

American 1.2454

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International Bond Prices - Week of May 23

(Continued from Page 6)

CONVERTIBLE BONDS

HIGHEST CURRENT YIELDS
On convertibles having a conversion premium

**On convertibles having a conversion premium
of less than 10%.**

521	Jetta Co Ltd	7/6	25 Mar	\$114	1 Nov 89	25 Aug 97	Y 284.80	4.86
522	Taylor Woodrow Intl	7/6	25 Dec	415	1 Nov 89	21 Mar 95	Y 284.80 - 441.50	5.76
523	Dodd Inc	7/6	24 Apr	250	1 May 79	25 Mar 90	Y 247 - 2,644.00	5.76
524	Inchonco Berney 151.03	6/5	22 Mar	100	15 Oct 77	25 Mar 90	Y 143 - 2,937.50	5.76
525	Santoku Electric Co	6/5	22 Mar	250	1 Aug 87	25 Mar 95	Y 250 - 2,377.50	4.28
526	Shimadzu Industrial Sales 50.00	5/1	21 Mar	750	1 Aug 87	25 Mar 95	Y 750 - 544.00	4.28
527	Tower Musical Ind	7/6	25 Mar	1500	1 Dec 88	25 Mar 95	Y 1500 - 520	4.28
528	South Gold Sdn 61.75	12/6	25 Mar	1000	1 Dec 88	25 Mar 95	Y 1000 - 220.50	4.28
529	Jetco Inc	7/6	25 Mar	1500	1 Dec 88	25 Mar 95	Y 1500 - 220.50	4.28
530	Dynacorp Int'l S\$10	3/6	25 Mar	4000	1 Oct 87	25 Mar 95	Y 4000 - 100.00	4.28
531	There Isell Finance	7/6	25 May	1100	1 Sep 89	25 Mar 95	Y 400.00 - 250.00	4.28
532	Cadbury Schweppes	7/6	25 Dec	100	1 Nov 78	25 Jul 88	Y 100 - 12.50	1.72
533	Astico Co	5/6	25 Dec	100	15 Dec 87	15 Jun 93	Y 100 - 5,112.50	4.28
534	Inn City Finance 33.81	5/6	25 Dec	1200	1 Aug 87	15 Jun 93	Y 1200 - 5,144.00	4.28
535	American Midex 40.36	5/6	27 May	1200	1 Aug 87	25 Aug 95	Y 1200 - 400.00	4.28
536	Bethcock Nederland	7	22 Oct	100	17 Aug 82	25 Sep 92	P 112 - 2,154.25	4.28

- Explanation of Symbols -

New Eurobond Issues

Issuer	Amount (millions)	Mat.	Coup. %	Price end week	Terms
FLOATING RATE NOTES					
Arab Banking Corp.	\$150	2000	1/16	100	— Over 4-month Libor. Redemptions at par in 1992 and 1995 and callable at par in 1996. Fees 0.375%.
European Community	\$1,800	1990	1/16	100	99.73 Over 6-month Libor. Callable at par on every interest payment date. Bought by manager at 99.95 and referred to co-managers at 99.725. Distributions \$20,000.
Standard Chartered Bank	£300	perpet	3/16	100	99.40 Over 3-month Libor. Callable at par in 1992. Fees 0.80%. £150 million issued now and £150 million reserved for a 2-year tap.
FIXED-COUPON					
BP Capital	\$100	1994	10%	100%	98.00 Noncallable. Sinking fund to produce a 5.7% average life. 20.33% payable on subscription and balance in Dec. Distributions \$10,000.
BP Capital	\$182.46	1995	zero	38.59	37.09 Yield 10.36%. Noncallable. Proceeds \$69.53 million. Distributions \$10,000. 12.0% payable on subscription and 25.50% in Dec.
Canadian Pacific	\$100	1993	10%	100%	98.25 Callable at 101% in 1990.
Dai Ichi Kangyo Finance	\$150	1990	10%	100%	98.38 Noncallable.
Export Development Corp.	\$300	1990	10	99%	98.08 Noncallable. \$100 million issued now and \$200 million reserved for a 5-year tap.
ITC Credit	\$75	1990	10%	101	98.63 Noncallable.
Volvo Capital	\$150	2000	10%	99%	— Callable and redeemable at par in 1990 when new terms will be set.
Bank of China	DM 150	1992	7	100	— Callable at 100% in 1990.
Hoogovens	DM 150	1995	7%	100	— Noncallable.
Hydro Quebec	DM 200	1995	7%	100	— Noncallable. Purchase fund to operate until 1990.
Imperial Chemical Industries	£125	1995	11%	100	97.88 Noncallable. Sinking fund to start in 1993 to produce a 9.75% average life. £75 million issued now and £30 million reserved for a 5-year tap.
Bank of Tokyo	ECU 40	1990	9%	100%	— Noncallable.
Sumitomo	ECU 60	1993	9%	100	99.38 Noncallable.
LTCB	Can\$ 100	1994	11%	100%	99.25 Noncallable.
Province of New Brunswick	Y 10,000	1995	7%	100%	98.50 Noncallable.
Government Insurance Office of New South Wales	Aus\$ 40	1989	13%	100	— Noncallable.
Westpac Banking	Aus\$ 50	1988	13%	100	— Noncallable. Increased from Aus\$ 40 million.
EQUITY-LINKED					
Casio Computer	\$100	2000	3	100	— Callable at 104 in 1988. Convertible at 1,742 yen per share and at 250.65 yen per dollar.
Ryobi	\$ 30	1990	8%	100	— Noncallable. Each \$5,000 note with one warrant exercisable into shares of 416 yen per share and at 250.65 yen per dollar.

Eurobond Dealers Vote for Reform

(Continued from Page 7)
ment bankers who attended. Not since the troublesome founding years have senior officers turned up in such a large number.

With so many market participants away from their desks, there was relatively little activity last week.

Bankers said the tone of the market remained firm, but there appeared to be little conviction in light of the lackluster performance of the New York market.

Most analysts say the bond markets are looking for some guidance as to whether interest rates will continue to ease or whether the week-to-week cut in rates by the Federal Reserve represents a base from which rates will creep up.

A minority of bankers report that clients who up to now had shunned the bond market for the safety of the short-term deposit market are now shifting to the bond market. The move, they say, anticipates that the current high inflation premium still reflected in long-term rates is destined to decline.

Whether long-term rates ever fall back to their historic pattern of 2 to 3 percentage points over the inflation rate from the current range of 5 to 6 percent is still widely doubted, even so that leaves room for long rates to narrow against the inflation rate.

The money speculating on such a decline is moving forcefully into the warrant market, where options are bought to buy high-coupon fixed-rate paper. Conversion of these warrants into bonds is now running into the millions of dollars on a daily basis and becoming a very important outlet for new money moving into the dollar bond market, bankers report.

In contrast, the new dollar issues — priced aggressively to anticipate further declines in interest rates — have not attracted investors.

Export Development Corp. of Canada attempted to set a current low for five-year funds by setting a

coupon of 10 percent on its \$100-million offering that was priced at 99.7/8 to produce a yield of 10.03 percent. The notes ended the week at a discount of 1.8 points, just outside the commissions paid to underwriters.

Especially hard-hit were the \$100 million of eight-year notes from Canadian Pacific Ltd. and \$100 million of nine-year paper from BP Capital. Both issues were priced at premiums — par-and-a-half on Canadian Pacific's 10%, and par-and-a-half on BP's 10.5%. Canadian Pacific ended the week at a discount of 24 points below the offering price and BP was down 24 points.

Better received was BP's partially paid zero-coupon issue, offering investors a relatively cheap way to speculate on a decline in interest rates and/or a decline in the dollar exchange rate. Only 12.09 percent of the face value has to be paid in June and a final 26.5 percent in December.

Bankers also reported scant demand for floating-rate notes. The European Community's \$1.8 billion of five-year notes got a poor reception and ended the week at 99.73, representing a loss for the lead manager who bought the paper at 99.875 and for co-managers who were offered paper at 99.925.

Volvo France Profit Rose 266% in 1984

Agency France-Presse
PARIS — Volvo France, a subsidiary of the Swedish automaker AB Volvo, has said that pretax profit in 1984 rose 266 percent to a record 44 million francs (\$4.65 million) from 12 million francs in 1983.

Sales rose 16.7 percent to 2.64 billion francs, the company said Friday. Car sales totaled 1.1 billion francs, or 42.3 percent of the overall figure, while truck sales remained stable at 1.3 billion francs, or 50.4 percent of the sales figure.

Inventor Looks for Financial Solutions

(Continued from Page 7)

suits for the year ended March 31. Sinclair Research is widely expected to show a steep drop from the prior year's pretax profit of £14.3 million. That would be another blow for the institutional investors that bought 10 percent of the company in January 1983 for £13.6 million. Sir Clive, who owns nearly all of the remaining shares and already has twice delayed plans to obtain a London Stock Exchange listing, said that he will await suitable market conditions.

To set up Sinclair Vehicles, Sir Clive used about £7 million of his own money. In January, that company introduced a one-man electric vehicle, the C5, costing about £400, with a top speed of 15 miles (24 kilometers) per hour and a range of up to 20 miles between recharges.

Initially, the company boasted that it would produce 100,000 of the vehicles this year, but so far has sold only about 7,000, of which 12,000 or so produced and last month it had to slash output by 90 percent.

Some critics have questioned the wisdom of launching a roofless vehicle in January. Sir Clive said that the main problem has been what he considers unfair publicity from such organizations as the British Safety Council, which denounced the C5 as an "unsafe folly car."

Even so, Sir Clive said he hopes to follow through with exports and plans for bigger electric vehicles that could carry several people long distances. As for speculation that he would sell the company, he said, "It's never crossed my mind."

Even more ambitious is Sir Clive's plan to raise about £50 million to create a company making advanced semiconductor devices.

To head that effort, he has recruited Rob Wilmot, a highly respected executive who also serves as chairman of ICL, the British computer-maker owned by Standard Cables & Telephones PLC.

The semiconductor project would make use of "wafer-scale integration." Instead of chopping up silicon slices into hundreds of memory-sized bits, the company would embed powerful computer memory and logic on a water several inches square.

Those who praise his inventiveness often question his business sense. "Does he ever listen to anybody who has the problem of selling to the outside world?" asked Intec's Mr. Hoyte.

"To suggest that all I can do is invent is ridiculous," he said. "An invention in a vacuum is useless. You've got to get the product to the marketplace. Now, I don't really see myself as a great manager. I desperately seek the best management talent there can be, but if I just walked into the laboratory and stayed there nothing would get done."

Prices Rise On Hopes of Fed Action On Rates

By Michael Quint
New York Times Service

NEW YORK — U.S. Treasury note and bond prices rose modestly last week as some securities dealers said there was a noticeable increase in investor demand from the mid-week levels. Speculative trading activity was light in advance of the long weekend.

By late Friday, Treasury bill rates were slightly lower, with the

U.S. CREDIT MARKETS

three-month issue bid at 7.19 percent, down from 7.23 percent, while the six-month issue was at 7.42 percent, down from 7.43 percent. Because of Monday's Memorial Day holiday, the Treasury bill auction will be on Tuesday.

In the note and bond market, prices of Treasury issues rose modestly, with the new 9-percent two-year issue rising about 4-point, to an offered price of 101-1/2, to yield 9.10 percent. Among longer-term issues, the five-year Treasury notes to be auctioned Wednesday were offered on a when-issued basis to yield 10.01 percent, while the 11/4-percent bonds due in 2015 rose more than 1/2-point, to an offered price of 103 percent, to yield 10.84 percent.

Two catalysts for price rises were hopes that the Federal Reserve would continue to encourage lower interest rates to stimulate the economy, and rumors that Saudi Arabia might reduce its oil prices. Though each rumor was plausible, there was not enough evidence of either development to spark more than a modest price increase.

Since the Fed reduced by a 1/2-point the discount rate it charges on loans to financial institutions to 7/4 percent on May 17, economists have predicted that the overnight rate would average about 7/4 percent, down from 8 1/4 percent in the first two weeks of May.

I believe the Fed deliberately leaked a story that it was easing further in order to keep the ball rolling in market improvement," Philip Braverman, economist at Briga Schaeffle & Co., told United Press International. "This would help the Fed's own objectives."

[Federal funds, which the Fed targets through its purchases and sales of Treasury securities, have attracted increasing attention since the Fed's focus shifted away from money supply in its attempts to boost the sagging economy. The funds traded around 7/4 percent Friday and Mr. Braverman said maintenance of that level would be an indication that the Fed is taking steps to ease further.]

Analysts at Money Market Services, an economic analysis concern in Belmont, California, noted that expectations of an easier Fed policy still were widespread though they might quickly disappear if economic conditions improved.

Standard Chartered Bank PLC fared little better with its £150-million issue of perpetual bonds priced at 3/16-point above three-month Libor.

Following the low rating given to Midland Bank PLC's floater — which has highlighted for an inattentive audience the equity-risk characteristics of these notes — perpetuals have lost favor. Denominating the issue in British pounds, which is narrower than the dollar market and skimping on the margin (down from the 4-point margin paid on most other perpetuities) only added to the trouble of placing this paper.

But holders were disappointed and the very ungenerous pricing on the new issue made placement difficult.

Standard Chartered Bank PLC

standardized its terms and

conditions to those of the

new issue.

Analysts at Money Market Services

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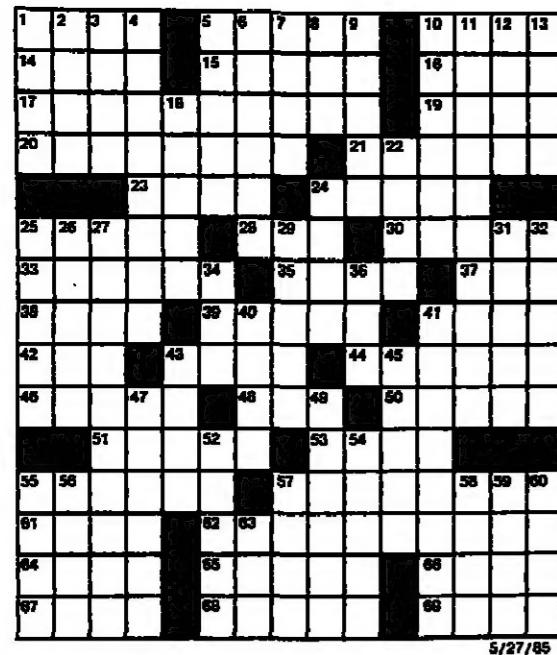
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Analysts at Money Market Services

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28 Vista's feeder	47 Labored
33 "Si,—"	49 Birds' words
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42 Genesis ship	57 Moneta
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50 Siren warning	B.Y.U.
51 Loop	60 Harvest
52 "Trinity" author	63 A Thai language

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DENNIS THE MENACE



THIS IS NOT A RANGE AND YOUR HOME IS THATAWAY!

JUMBLE.

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

CEMIN

LEXEP

MAINEA

DEWIST



Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Answer here: ANYONE

(Answers tomorrow)

Friday's Jumble: LIMBO BRAWL FUTURE PYTHON

Answer: When it comes to a dishwasher, most every husband would rather do this—BUY THAN BE

WEATHER

EUROPE

ASIA

AFRICA

LATIN AMERICA

MIDDLE EAST

OCEANIA

MONDAY'S FORECAST

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Astringent Tonsorial Brew: The History of Witch Hazel

By Peter Kerr
New York Times Service

ESSE, Connecticut — The white-columned building on North Main Street is a nearly pristine preserve of Connecticut's commercial past.

Employees of the E. E. Dickinson Co. still labor in the building at roll-top desks under handcrafted light fixtures. Upstairs in the board room they occasionally stub their toes on woven spittoons. On mantles and in drawers, boxes and closets stand bottles of the only product the company makes — E. E. Dickinson's Double Distilled Witch Hazel.

In addition to being the headquarters of the company, the building is an unofficial monument to a family of New Englanders who in the last century began to sell a clear liquid, concocted by local Indians, as a tonic for almost all ills. From the company's antiquated factory nearby, much of the world's supply of witch hazel still flows.

"It's sort of a time warp here," said Brad Jordan, a 29-year-old blender and machinist at the factory's machine shop. "It just happens that everything here works

fine, so we use it the way it was."

Witch hazel — a liquid brewed from *Hamamelis*, or witch hazel, trees and shrubs which grow in abundance in Connecticut woodlands — is marketed as an astringent and an after-shave lotion. It leaves the skin feeling tingly.

The first family member to enter the business was the Reverend Thomas N. Dickinson, who bought a general store in 1866 on North Main Street to manufacture witch hazel, then a regional remedy.

From 1897 to 1930 his son and grandson, E. E. I. and E. E. II in company parlance, transformed the remedy into an international product with the help of a little hokum and a freshly minted myth.

For example, a pre-World War II company pamphlet entitled "The Birth of Witch Hazel" recounts the tale of a group of Indian medicine men who one day threw some *Hamamelis* twigs into a heated cauldron. "Suddenly, the phantom-like form of a beautiful maiden could be seen through the steam," the booklet said. "This spirit was supposed to be the Witch Hazel." The spirit was said to have imbued the potion with magical powers.

A more likely explanation for the name, according to Robert Dirig, an assistant curator at the herbarium at Cornell University, is that the forked branches of the *Hamamelis* tree were often used for dousing, or "water witching."

One storage room at the office building is filled with souvenirs of witch hazel advertising campaigns, including a 1910 poster that shows a coven of witches tending bubbling pots in a forest at night. Says a caption: "As made in the olden days."

Today the company makes far more modest claims for its product, recommending it for skin irritation, massages and "fired feet." The U.S. Food and Drug Administration has certified that witch hazel is safe and effective as an astringent, but it does not certify its effectiveness for other uses.

Partly because there are now so many other cosmetic and pharmaceutical products on the market, witch hazel no longer enjoys the popularity of decades past.

But, according to Charles Klein and Co., a consultant that special-

ties in consumer and packaged goods, E. E. Dickinson still dominates the \$10-million-a-year witch hazel market.

And some of the company's 29 employees still maintain that their product possesses the unique qualities of company legend.

"How old do you think I am?" asked Don Wustnick, who has worked in the factory for 12 years.

"I'm 52. When Ponce de Leon was looking for the fountain of youth, he passed right by here."

Every year from December to March, as witch hazel trees and bushes blossom in Connecticut with golden flowers, three farmers on the northwestern corner of the state cut 450 to 600 tons of which hazel. The farmers grind up the wood in 85-year-old Dickenson choppers, one-ton contraptions with pointed teeth and whirling blades.

Factory workers load the chopped wood with pitchforks onto conveyor belts and into chutes that drop the wood pieces



Poster from 1910 advertising witch hazel.

into 10 stainless steel vats. The wood steeps in steam for eight hours. By the end of a workday dozens of gallons of cool liquid drip out of each vat, smelling like woody hair tonic.

This "crude" is usually mixed with alcohol to preserve it and piped to one of 13 storage tanks, where it waits to be bottled and shipped. The process has remained pretty much unchanged over the years.

But Richard M. Kirpas — the company's vice president of quality control, a job described as something like the company's vintner — protested that making witch hazel was not at all easy or unsophisticated. Anyone who tries to imitate the Dickenson process, he said, will wind up with a pretty bad brew. "There is a secret to the time of year you cut, how long you cure, the type and quality of the water, and the type and quality of the alcohol," Kirpas said. "The final product is a careful mixture."



Richard M. Kirpas checks vats of witch hazel.

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